

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 SS-20 NSC-07 CIAE-00 PM-07 INR-10 L-03

NSAE-00 PA-04 RSC-01 PRS-01 SP-03 USIA-15 TRSE-00

SAJ-01 COME-00 EB-11 OMB-01 DRC-01 FEA-02 NEA-14 /127 W

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R 091109Z MAY 74

FM USMISSION NATO

TO SECSTATE WASHDC 5557

SECDEF WASHDC

INFO JCS WASHDC

USCINCEUR VAIHINGEN GER

USNMR SHAPE

C O N F I D E N T I A L USNATO 2520

E.O. 11652: GDS: 12-31-80

TAGS: NATO, XG, ETRN

SUBJ: NATO INFRASTRUCTURE SLICE XXIII - 14 INCH PIPELINE PROJECTS

REF: A. STATE 93784; B. USNATO A-37 (1973); C. USNATO 3193 (1973)

DEFENSE FOR OASD/I&L, MR. J. NOLAN; JCS FOR J-4 PETROLEUM, COL RAY;
USCINCEUR FOR J-4/JPO, CAPT RINGHAUSEN.

BEGIN SUMMARY. MISSION PROVIDES WASHINGTON-REQUESTED REVIEW OF
SITUATION CONCERNING COMMERCIALPIPELINE PLANNING IN FRG/BENELUX.
BOTH US OIL COMPANY AND PAKTANK ARE CONTINUING WITH PIPELINE
CONSTRUCTION PLANS WHICH CAN PROVIDE SOME MILITARY SUPPORT TO NATO
USERS IN WARTIME. BOTH COMPANIES EXPRESSED THEIR CONTINUED
DESIRE TO COORDINATE AND COOPERATE WITH NATO WHEREEVER POSSIBLE.
END SUMMARY.

1. REF A REQUESTED MISSION REVIEW SITUATION CONCERNING COMMERCIAL
PLANNING FOR PIPELINE CONSTRUCTION IN FRG/BENELUX. MISSION OFFICER
(COL WITKO) HELD DISCUSSIONS DURING PAST TWO WEEKS WITH REPRESENTA-
TIVES OF TWO COMPANIES WHOSE PIPELINE CONSTRUCTION PLANS WERE
PREVIOUSLY REPORTED (REFS B AND C), TO DETERMINE IF SIGNIFICANT
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CHANGES HAD OCCURRED IN PLANS IN VIEW OF CHANGES BROUGHT ABOUT
BY OIL CRISES OF LAST FALL. THE FOLLOWING SUMMARIZES THE INFORMA-
TION OBTAINED.

A. US OIL COMPANY. THERE ARE NO MAJOR CHANGES TO DETAILS OF COMPANY'S PLAN AS REPORTED IN REF B. COMPANY REPRESENTATIVE STATED THAT PLANS WERE MOVING FORWARD ONCE AGAIN AND THAT, IN ADDITION TO THE FIVE FIRMS PREVIOUSLY PROMISING REFINED PRODUCT VOLUMES FOR MOVEMENT, TWO ADDITIONAL COMPANIES HAVE PROVIDED FIRM ASSURANCES OF THEIR VOLUME REQUIREMENTS FOR TRANSPORT. AS A RESULT, COMPANY IS NOW OPTIMISTIC ABOUT PROJECT ACCOMPLISHMENTS. CURRENT THINKING AS TO ROUTE OF PIPELINE IS FROM ANTWERP TO COLOGNE, PASSING CLOSE TO GLONS, BELGIUM, WHICH COULD PROVIDE INTER-COMMENTION WITH CEPS. OPERATIONAL DATE FOR PIPELINE IS NOW ESTIMATED FOR MID-1977. ALL POINTS OF INTEREST CONTAINED IN REF B WERE REAFFIRMED. COMPANY REPRESENTATIVE REQUESTED THAT IDENTITY NOT BE DISCLOSED SINCE PLANNING PHASE NOT COMPLETE.

B. PAKTANK. NEW PAKTANK REPRESENTATIVE, MR. GUS A. VOETELINK, (U.S. CITIZEN), MET WITH MISSION OFFICER ON 7 MAY TO PROVIDE INFORMATION ON DEVELOPMENTS TO PIPELINE PLANS WHICH MAY HAVE OCCURRED SINCE THE OIL CRISIS OF LAST FALL. COMPANY REP REPORTED THAT PAKTANK HAS NOW JOINED WITH A GERMAN COMPANY, VEREINIJTE TANKLAGER GESELL SCHAFT (VTG), TO PURSUE PIPELINE PROJECT. VOETELINK CONFIRMED INFORMATION PREVIOUSLY REPORTED (REFS B AND C) WITH FOLLOWING ADDITIONS. PAKTANK AWARDED CONTRACT ON 7 MAY FOR HOUSTON FIRM TO MAKE A TECHNICAL FEASIBILITY STUDY AND CONCEPTUAL DESIGN FOR PIPELINE PROJECT. (COMPANY DESIRES THIS INFORMATION TO BE HELD CONFIDENTIAL UNTIL 10 MAY WHEN ANNOUNCEMENT WILL BE MADE.) STUDY IS TO BE COMPLETED BY END OF YEAR, AT WHICH TIME COMPANY FINAL GO-AHEAD IS EXPECTED. THIS WOULD PERMIT THE PIPELINE TO BE OPERATIONAL BY 1 JAN 78. SIZE OF PIPELINE IS NOW ESTIMATED TO BE 30 INCHES OR GREATER AND WILL CARRY PRINCIPALLY NAPHTHA WITH SOME GAS/OIL AND AVIATION FUEL PRODUCTS. ROUTE OF PIPELINE ESSENTIALLY AS PREVIOUSLY REPORTED, WHICH WOULD PERMIT INTERCONNECTION WITH CEPS NEAR LIEGE, BELGIUM, AND/OR NORTH OF AACHEN, GERMANY. PAKTANK REP CONVEYED HIS COMPANY'S WILLINGNESS TO WORK WITH NATO IN ANY WAY POSSIBLE AND UNDERSTANDS OPERATIONAL CONDITIONS NECESSITATED BY NATO MILITARY REQUIREMENTS.

2. BOTH COMPANIES ASSESS LAST YEAR'S OIL EMBARGO AND SUBSEQUENT CONFIDENTIAL

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SHORTAGES AS FAVORING THEIR PIPELINE PBOJECTS. CURRENT ARAB COUNTRIES' DESIRE TO BUILD OWN OIL REFINERIES, COUPLED WITH ESTIMATE BY COMPANIES THAT NOT MUCH FURTHER REFINERY CONSTRUCTION WILL OCCUR IN GERMANY/BENELUX, REINFORCES THEIR CONCLUSIONS THAT REFINED PRODUCTS PIPELINE WILL HAVE GOOD MARKET.

3. PAKTANK/SHAPE DISCUSSIONS (REFERRED TO IN REF C) DID NOT PRODUCE DEFINITIVE RESULTS, ALTHOUGH THE EXCHANGE OF INFORMATION BENEFITTED BOTH PARTIES. MISSION HAD ARRANGED FOR INITIAL MEETING OF U.S. OIL COMPANY REPRESENTATIVE WITH SHAPE (COL PAULSEN), WHICH TOOK PLACE JUST PRIOR TO MID-EAST CRISIS OF LAST FALL. THE OIL CRISIS PRECLUDED FOLLOW-UP MEETINGS BECAUSE BOTH PARTIES WERE ENGAGED IN THE HIGHER PRIORITY PROBLEMS GENERATED BY THE OIL CRISIS.

RECENT CONTACTS WITH COMPANY REPRESENTATIVE AND SHAPE INDICATE THAT PARTIES CONCERNED CAN NOW RESUME DISCUSSIONS.

4. INVESTIGATION TO DATE HAS NOT UNCOVERED ANY INFORMATION CONCERNING THE PROPOSED CONSTRUCTION OF 500,000 BARREL PER DAY REFINERY IN IRAN FOR FRG MARKET, ALTHOUGH COMMENTS OF OIL COMPANIES (PARA 2 ABOVE) SUPPORT THIS TREND IN GENERAL. MISSION WILL PURSUE INVESTIGATION.

5. ON THE BASIS OF THE FOREGOING, USNATO CONSIDERS THAT POSITIVE PROSPECTS CONTINUE TO EXIST FOR CONSTRUCTION OF COMMERCIAL PIPELINES WHICH COULD PROVIDE MILITARY SUPPORT IN WARTIME TO USERS IN THE RUHR/COLOGNE AREAS OF GERMANY BY LATE 1977 AND IN FRANKFURT AREA AT A LATER DATE.MCAULIFFE

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Message Attributes

Automatic Decaptioning: X
Capture Date: 11 JUN 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 09 MAY 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974ATO02520
Document Source: ADS
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: 11652 GDS 12-31-80
Errors: n/a
Film Number: n/a
From: NATO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740587/abbryutv.tel
Line Count: 124
Locator: TEXT ON-LINE
Office: n/a
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: A. STATE 93784; B. USNATO A-37 (1973); C. USNATO 3193 (1973)
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 05 APR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <05 APR 2002 by cunninfx>; APPROVED <11 JUN 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: NATO INFRASTRUCTURE SLICE XXIII - 14 INCH PIPELINE PROJECTS
TAGS: NATO, XG, ETRN
To: STATE
SECDEF INFO JCS
USCINCEUR VAIHINGEN GER
USNMR SHAPE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005